

ATTACHMENT M

Dear CPE Vendors and Enhanced Services Providers:

Each year the Federal Communications Commission (FCC) requires that we notify multi-line business customers about their Customer Proprietary Network Information (CPNI) rights. (CPNI includes the information described on Attachment 2 of this letter). Customers have the opportunity to:

- Prevent access to their CPNI by Pacific Bell sales personnel who market CPE and enhanced services.
- Authorize us to provide their CPNI to other CPE and/or enhanced services vendors who request it.

Pacific Bell protects CPNI in accordance with the FCC rules and State of California privacy laws. To satisfy the annual notification requirement, we are now sending a letter and reply card to these customers. We know some of your customers will receive this material and they may come to you with questions about it. (See Sample, Attachment 1, pages 1-2).

To provide CPNI instructions or make changes to prior instructions, customers should complete the reply card and return it. (NOTE: Your customer must sign the reply card — you may not sign it for them). If the customer did not receive the CPNI letter, they may request one from their local business office.

If a customer currently releases their CPNI to you or other vendors that permission remains in effect until changed in writing. Any new reply card will supersede any previous instructions. Likewise, Letters of Agency which include instructions for release of CPNI remain in effect until the customer changes them in writing.

If you have questions about this material, please call the Centralized Operations Group (COG) at the following numbers:

	Northern California	Southern California
Toll Free	811-5255	811-3318
Outside Pacific Bell Territory	415-542-5255	818-576-3318

To obtain CPNI, follow the procedures in Attachment 2.

Sincerely,

Pacific Bell

Attachments



WE NEED YOUR RESPONSE

Dear Business Customer:

Each year, the Federal Communications Commission (FCC) requires us to inform business customers about the records we keep concerning your telecommunications services. The FCC term for these records is Customer Proprietary Network Information (CPNI). CPNI includes the type, locations and quantity of all Pacific Bell services to which you subscribe, how much you use them, and the associated billing records. You need to know the following:

- Our account representatives use this information in providing you with telephone service. They may review your CPNI as they prepare to talk to you about new services and equipment. CPNI is an important tool we use in designing your telecommunications system.
- Your CPNI decision on the attached reply card will determine which of our employees will serve your account. Some of our representatives can market basic telephone services, enhanced services (such as voice mail) and customer premises equipment (such as telephone sets). However, other representatives can only market basic telephone services (such as basic business service and Centrex).
- A "yes" to section A.1. on the reply card will allow our representatives to consider our full range of products and services, including enhanced services and customer premises equipment, in our efforts to provide the best solutions to your telecommunications needs.
- If you do not wish your CPNI to be used by Pacific Bell employees who market enhanced services and customer premises equipment, mark "no" on section A.1. However, if you do mark "no," we won't be able to consider our enhanced services and customer premises equipment even if they would be helpful in meeting your telecommunications needs.
- Other vendors besides Pacific Bell also provide enhanced services and customer premises equipment. You may direct us to provide your CPNI to them, when they request it, by filling out section B on the reply card.
- Your records are carefully guarded. We do not provide them to other vendors of enhanced services and customer premises equipment unless you tell us to do so in writing.
- Your response is especially important this year because the CPNI rules have changed.
- If you do not reply to this letter, your most recent response will remain in effect. If no response has ever been received from you, your CPNI will generally be available for us to use in marketing enhanced services and customer premises equipment. However, effective in 1992, customers with more than 20 lines must give us written permission before we can use their CPNI to market enhanced services to them. To avoid potential confusion for these customers with more than 20 lines, we are treating this requirement for written permission as if it also applies to the marketing of customer premises equipment.
- You may give permanent or temporary directions for our handling of your CPNI, and they may apply to all your accounts or only some. Your telephone account number(s) appears on the reply card. Your response will apply to all lines billed to the number(s) listed on the card and for new services you may add later at your location.
- You may change your instructions on how you want us to handle your CPNI at any time. If you need another reply card, call the toll-free number listed below.

We want to hear from you. Please indicate your CPNI decision on the attached reply card and return it to us. If you have any questions, please call us between 8:30 a.m. and 5:00 p.m., Monday through Friday, toll-free at 1-800-564-6100.

Sincerely,

Pacific Bell

CPNI ANNUAL NOTIFICATION REPLY CARD*Please check one of the following boxes:*

- A.1. ☐ Yes, Pacific Bell representatives who market enhanced services and customer premises equipment may refer to my account information (CPNI) in recommending telephone-related systems or services to me.
- ☐ No, at this time I don't want Pacific Bell's representatives who market enhanced services and customer premises equipment referring to my account information (CPNI). If you wish to restrict access to any other information listed below in section B.2. (a-g) then you must check "no."
- A.2. If you would like to restrict Pacific Bell access to your CPNI for less than one year, indicate the dates:

_____ to _____

DO YOU WANT YOUR TELEPHONE ACCOUNT INFORMATION RELEASED TO OTHER VENDORS?

- B.1. ☐ Yes, release my account information to those vendors that request it.
- ☐ No, do not release my account information.
- ☐ Yes, but release my account information only to the following vendors:

VENDOR NAME _____

VENDOR NAME _____

- B.2. Please release *only* the following account information:

- | | |
|---|--|
| a. <input type="checkbox"/> Telephone number and service location. | e. <input type="checkbox"/> Type of service (e.g., Call Waiting) |
| b. <input type="checkbox"/> Usage and billing data (e.g., number and length of calls) | f. <input type="checkbox"/> Class of service (e.g., business) |
| c. <input type="checkbox"/> Telephone numbers called | g. <input type="checkbox"/> Number of phone lines on account |
| d. <input type="checkbox"/> Billing name and address | |

- B.3. If you would like to release your CPNI to other vendors for less than one year, indicate the dates:

_____ to _____

- B.4. ☐ Cancel all previous instructions (including letters of agency) regarding release of my account information to other vendors.

Your signature on this reply card applies to the following numbers and for any new services you may add later at your location:

Your choices will remain in effect unless changed by you in writing.

I AM AUTHORIZED TO MAKE DECISIONS REGARDING MY COMPANY'S ACCOUNT INFORMATION.

Signature: _____ Date: _____
(SIGNATURE REQUIRED)

Name: _____ Position/Title: _____
(PLEASE PRINT)

Company Name: _____

ATTACHMENT 2
PROCEDURES FOR ORDERING

Customer Proprietary Network Information

Pacific Bell makes two types of Customer Proprietary Network Information (CPNI) available to enhanced services providers (ESPs) and customer premises equipment (CPE) vendors.

CUSTOMER - SPECIFIC CPNI

Customer-specific CPNI has detailed information about a single identifiable account. CPNI is available verbally, for small requests, or on paper. It is released only to those CPE vendors and ESPs who have written authorization (completed CPNI response card from the customer). Customer-specific CPNI includes:

- Telephone number and service location
(if different from published information)
- Billing name and address
(if different from published information)
- Usage and billing data
(e.g., number and length of calls, telephone numbers called, etc.)
- Class of service (e.g., business or residence)
- Type of service (e.g., Call Waiting, Three-Way Calling)
- Number of phone lines associated with account

AGGREGATE CPNI

Aggregate CPNI is a summarization of a group of unidentifiable business or residence users at a wire center or switch entity level, whichever is smaller. The data is updated monthly, and is available in both paper form and on IBM-formatted 5¼ inch floppy diskette. The current Aggregate CPNI available includes:

Total Business Lines

Total Residence Lines

Please recognize that our process and procedures for offering both customer-specific and Aggregate CPNI to you may change in the future. You may place your request by calling the Centralized Operations Group (COG) at the following numbers:

	Northern California	Southern California
Toll Free	811-5255	811-3318
Outside Pacific Bell Territory	415-542-5255	818-576-3318

NETWORK INFORMATION OPTIONS

This notification will inform you about:

- The categories of services U S WEST provides.
- Certain information we keep in our records regarding those services.
- Federal Communications Commission requirements regarding the use of that information.
- The choices you have regarding the availability of that information to companies who sell enhanced services and customer premises equipment.

Please complete and return the enclosed response form indicating your choices.

.....

U S WEST offers its customers services that fit into three basic categories:

- 1) Network services – basic telephone services such as local and long distance access, touch tone, and custom calling features like call waiting, call forwarding, etc.
- 2) Enhanced services – telecommunication-based services, such as Voice Messaging (automated telephone answering) and electronic mail.
- 3) Customer Premises Equipment (CPE) – telecommunications or data equipment such as telephone sets, PBXs, modems, etc.

Note: All services are not available in all areas.

As you would expect, U S WEST maintains information in your telephone account that identifies the network services you have purchased. This is called Customer Proprietary Network Information (CPNI). For example:

- The service type and quantity (e.g. one flat-rate business line, two custom calling features);
- The location where those services are provided; and
- Usage and billing data (e.g. number and length of calls).

This network service information may be used by U S WEST personnel who sell enhanced services and CPE. Because enhanced services and CPE are also offered by other companies, the Federal Communications Commission requires that we notify you annually as to how we will treat the availability of the network services information, and that we make that information available to other companies selling those services, only if you tell us to release it to them.

If you do choose to restrict your network service information from U S WEST personnel who sell enhanced services or CPE, we honor that restriction by having a service representative who sells only network services receive your call. This could mean that when you call your U S WEST business office, your call may need to be redirected to such a person.

The attached response form further explains all of your options. Please complete and return it in order to advise us of your decisions. If you have already requested that we restrict our use of your network information, or that we release the information to others, your request will continue to be honored. Your existing choice or the one you will make today will remain valid until you specifically revoke it. If you have questions and would like a U S WEST representative to call, please check the appropriate box and we will contact you. If you prefer, you may call your U S WEST representative or business office directly.

ATTACHMENT N

GTE ANTITRUST GUIDELINE BOOKLET

Every existing employee and every new employee must read and sign the Certificate contained in the booklet.

Page 7 contains a prohibition against "unhooking" activities.

[REDACTED] GTE

[REDACTED] GTE

[REDACTED] GTE

[REDACTED] GTE

ANTITRUST GUIDELINES

January 1991

FOREWORD

It is GTE's policy to comply with the letter and the spirit of the antitrust laws. These laws establish the rules by which we compete. They should not be looked upon as an impediment to our business but as a means to preserve an environment in which we can market our products and services on the basis of their merit.

As we face increased competitive challenges in all areas of our business, it is essential that everyone who is likely to encounter antitrust problems be advised both of the fundamentals of antitrust laws and of the firm resolve of management that officers and employees at all levels comply with them.

Company counsel have prepared this booklet to help you understand basic antitrust principles and to highlight some of their more frequently encountered applications. The purpose is not to train you to decide antitrust questions but to help you to recognize when they are present so that you can obtain advice from Company counsel, preferably at an early date rather than at the last possible moment. They are anxious to help you achieve your business objectives in ways that do not create legal problems for you or the Company.

We are sure that working together we can live up to GTE's antitrust obligations.

James L. Johnson
*Chairman and
Chief Executive Officer*

Charles R. Lee
*President and
Chief Operating Officer*

Antitrust and Trade Regulation

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Introduction

The Foreword restates our long-standing policy of complying with both the letter and the spirit of the antitrust laws. Bear in mind that your Company is responsible for the legal consequences of your employment-related conduct and that good intentions and ignorance of the law are generally not defenses in an antitrust suit. This pamphlet is not intended to make you an expert but to help you to recognize situations that may involve antitrust considerations so that you can have timely discussions with your Company counsel. In this way, we can avoid conduct that violates the antitrust laws, and also avoid foregoing legitimate business plans or practices because of mistaken assumptions that they are not lawful.

After reading this booklet, please complete the Certificate at the end and return it to your local Human Resources Department.

General

The antitrust laws are at the heart of the free enterprise system which has in large part been responsible for this country's economic prosperity. Few governmental policies rank higher than that underlying these laws — the preservation of an economic environment in which the participants, including GTE, are free to exist and to buy and sell products and services on the basis of competitive merit. The United States Supreme Court has described the antitrust laws as "a charter of economic liberty." It is in the interest of all of us to see that we comply with this charter's rules in order that we may enjoy its benefits.

What Is Antitrust?

Antitrust is a commitment to competition — a special kind of competition. We may not compete with others in just any way we see fit. The antitrust statutes were adopted because unfair competition was concentrating control of our economy in the hands of a small number of companies or of groups of companies called "trusts." In order to preserve a free market for goods and services, Congress, and later the

state legislatures, imposed restrictions on the way companies may compete. That is why another name for antitrust is "trade regulation." The goal is not to stifle competition, but to preserve an environment in which all can compete aggressively, but fairly.

Antitrust is a two-way street. It applies both to us and to our competitors. Of course, the fact that another company is violating the law is no justification for our doing so. We should be alert for signs of anticompetitive conduct on the part of our competitors and discuss it with counsel promptly. Early reporting is crucial.

Antitrust policy is reflected in a series of very broadly worded statutes. Given this general language, court decisions play an important part in establishing antitrust rules which continually develop as the courts deal with different situations in the light of changing circumstances.

Antitrust Rules

Generally, the antitrust rules may be broken down into two categories: those which prohibit practices involving two or more companies and those which prohibit conduct even if only one company is involved.

A. Joint Conduct

There are many business practices, such as setting the price at which a service or product will be sold, which, if engaged in by one company acting independently, are perfectly proper. However, they are illegal if they involve two companies acting together by agreement. The antitrust laws forbid (i) agreements (ii) by two or more companies (iii) in unreasonable restraint of trade. All of these elements must be present to make out a violation of the prohibitions discussed in this Section. What do these elements mean and how are they applied?

1. Agreements: An "agreement" is just what it says. It is not necessary that the people involved sign a contract or shake hands or otherwise say to one another, "We agree." In antitrust cases, a court may conclude that there is an agreement from the way parties act. Do businesses have the same or very similar prices and distribution practices; and do their employees talk with one another about these subjects; and do they give each other advance notice of marketing policy changes? Courts

have concluded that in some circumstances such conduct can establish the existence of an implied or tacit agreement. This does not mean that a company may not *independently decide* to do what it knows a competitor has done; for instance, adopt a similar price change. However, such conduct, which is called *conscious parallelism*, can, if other factors are present, lead to a determination that an agreement exists. Therefore, before adopting a pricing policy or distribution practices like those of a competitor, you should discuss the matter with Company counsel.

Since an agreement is an essential element of the offenses discussed in this Section, exposure is reduced by avoiding contacts with other companies with regard to the subjects discussed below in Paragraph 3.

2. Two or More Companies: The essence of this element is that more than one company is involved. Certain agreements with others, such as competitors, manufacturers, distributors, suppliers, customers and telephone utilities may run afoul of the antitrust laws. Recent developments in the law indicate that a parent such as GTE and a wholly-owned subsidiary do not alone satisfy the two company requirement. The same may also be true of agreements between subsidiaries of the same parent. Since the law is not fully clear in this area, you should review agreements with affiliates with Company counsel in advance for antitrust as well as other legal implications.
3. In Unreasonable Restraint of Trade: Over the years, the following types of conduct have come to be recognized as unreasonable restraints prohibited by the antitrust laws.
 - a. Agreements Among Competitors Fixing the Terms on Which, the Persons to Whom, or the Places Where, They Will Sell: Competitors may not agree on the prices or other terms at which they will offer their goods and services. They are also forbidden to split up the market by allocating among themselves territories, types of customers, types of businesses or particular jobs. Agreements of this sort are among the most serious of antitrust offenses. They can, and often do, lead to criminal prosecution of the companies and individuals involved. You should refuse to talk about

these subjects with competitors and report to counsel immediately any efforts on their part to discuss these matters with you.

- b. Agreements Between a Buyer and a Seller Fixing the Terms of Resale by the Buyer: When a seller sells a product or service to a buyer, for instance a distributor, the seller cannot dictate the price at which the buyer can resell. Furthermore, in certain circumstances, the antitrust laws may prohibit a seller from specifying the place from which, the territories in which, or the customers to whom, a buyer may resell. Should you be considering placing any restrictions whatsoever on the freedom of a buyer of our goods and services to resell them, consult with Company counsel in advance.
- c. Boycotts, Refusals to Deal and Terminations: In certain circumstances, two or more companies, whether or not they are competitors, may not agree, for anticompetitive reasons, not to deal with another company, such as a price-cutting distributor or a supplier who also competes with them. On the other hand, we are, as a general rule, free to decide on our own to whom we will sell or lease our products and services. There may be exceptions to this rule in the case of so-called essential facilities.* Furthermore, terminations of dealers and distributors frequently produce antitrust suits against the terminating supplier. Therefore, you should review these matters with Company counsel before proceeding.
- d. Reciprocity: We should not condition our use of a product or service on its seller's agreement to buy from us or from an affiliated company. We should not make information about our purchases available to our marketing departments.
- e. Exchange of Information: Courts have sometimes held that an agreement to fix prices, to allocate customers, or to engage in some similar anticompetitive conduct can be inferred from exchanges between competitors of infor-

mation not yet available to the public concerning such subjects as pricing and marketing intentions. Therefore, you should not talk about these matters with employees of other companies. This rule does not prohibit companies from exchanging with one another information needed to make lawful joint responses to requests for proposals. In addition, telephone company employees may exchange technical information with other operating companies to the extent necessary for the proper functioning of the network.

It is not an unreasonable restraint of trade for competitors, in order to obtain competitive advantage, jointly and in good faith, to seek governmental action, such as legislation, agency regulations or court rulings. Courts interpret this doctrine narrowly. Therefore, such activities should be discussed in advance with Company counsel.

B. Efforts to Acquire or Maintain Very Large Market Shares — Monopolization and Attempts to Monopolize

The law forbids monopolization and attempts to monopolize. In these cases, one company, acting entirely on its own, can commit the offense. The "two companies" requirement does not apply.

The law does not forbid possession of all very large market shares. They are often acquired by perfectly lawful means, for instance, by superior skill or by a government grant such as a patent or assignment of a franchised operating territory. On the other hand, if a company employs anticompetitive or predatory methods to obtain or attempt to obtain a very large market, or retains or attempts to retain a very large, but lawfully obtained, market share by means of such conduct, the company may have committed an antitrust violation. Likewise, two or more companies that agree to anticompetitive or predatory conduct intended to produce or maintain a very large market share may have entered into an unlawful agreement to monopolize even if they do not succeed.

What follows are some types of conduct that are not in all cases in and of themselves violations of the antitrust laws — although they may, and generally do, violate other laws. However, when the practices are part of a program to obtain or keep a very large market

*See discussion at page 6

share, they may be found to be evidence of either monopolization or attempted monopolization.

1. Predatory Pricing: This is the sale or lease of products or services at a loss or at unreasonably low prices in order to drive competitors out of the market or block their entry. Most, but not all courts, presume that sales at or above the seller's marginal or average variable costs are not at a loss and are, therefore, lawful. There may be situations in which sales at a loss are permitted but these must be discussed in advance with Company counsel.
2. Discrimination in Providing Access to an Essential Facility or Service: An essential or "bottleneck" facility or service is one which others must use in order to conduct their businesses. Courts have held that it is unlawful to deny access to an essential facility or service for anticompetitive reasons, such as the creation or preservation of a monopoly or to increase market share in a related business.
3. Use of Purchasing Power: A company with a very large market share may not use its purchasing power to make a sale or to discourage competition. It may be improper for such a company to (i) engage in reciprocity,* (ii) refuse to buy from a supplier because it buys from, or sells to, a competitor, or (iii) refuse to buy from a supplier because it is a competitor. There may be limited exceptions to these rules but refusals to deal of this type must be discussed in advance with Company counsel.

We should not, when trying to gain or hold a customer, mention the fact that we buy from that customer. Likewise, we should not suggest that our employees will make their personal business decisions on that basis or in any way ask our employees actually to do so.
4. Disparagement: It is our policy to make sales on the strengths of our own products and services and not by making statements critical of our competitors. Such statements, if false or misleading, are disparaging, violate state law, and, when frequently made by a company with a large market share about its small competitors, may be taken as evidence of intent to

obtain or maintain market position improperly. Any comments about a competitor, its products and its services must be both scrupulously accurate and relevant to the quality of the competing products or services. You should also avoid negative remarks about entire groups of competitors and their products and services. What is true of one may not be true of others.

It is permissible to correct misstatements which competitors have made about their own or our services and products.

5. Interference with the Customers of Competitors—Unhooking: We may not urge a customer to violate a contract with a competitor. In the telephone industry, this is sometimes called "unhooking." The answer to the question whether the customer has a legally binding contract is one that varies from state to state. Generally, it is permissible to convince a customer who has a contract with a competitor to exercise rights provided for in the contract, such as the non-renewal of a lease at the expiration of its term or the exercise of a termination option. Before approaching a customer who may have a contract with a competitor, you should consult with Company counsel to determine what is permissible under state law.

Frequent unhooking efforts by a large-share company may be evidence to support an antitrust monopolization charge. In addition, even individual cases of unhooking may be violations of state law, regardless of the size of the market share of the company involved.

C. Other Antitrust Provisions

Antitrust restrictions relating to agreements in restraint of trade and to monopolization are the ones most frequently encountered. However, there are additional rules which you may encounter from time to time.

1. Tie-ins: A sale of one of our products to a customer should not be conditioned on an agreement to buy another of our products unless the first will not function as intended without the second. In addition, tying arrangements involving sales of products or services or leases of products may be illegal as agreements in unreasonable restraint of trade if the company imposing the tie has sufficient control of the supply of the tying

*See the discussion of Reciprocity on page 4

product to force a tie. You should discuss any transactions of this type with Company counsel in advance.

2. Exclusive Dealing: Generally, the sale of a product should not be conditioned on the buyer's agreement not to deal with the seller's competitors. There are some exceptions to this rule. It is permissible under some circumstances to appoint a distributor who will deal only in our products or services. Contracts which require that you deal exclusively with only one supplier may, in some circumstances, raise antitrust questions. If you are faced with a situation of this type, consult Company counsel.
3. Anticompetitive Discrimination in the Sale of Goods: The Robinson-Patman Act prohibits a seller from discriminating "in price between different purchasers of commodities of like grade and quality . . . where the effect of such discrimination may be substantially to lessen competition or tend to create a monopoly . . . or to injure, destroy, or prevent competition." There are some exceptions to the rule of nondiscrimination. A company may offer to sell products at volume or other similar discounts if it can prove they reflect "differences in the cost of manufacture, sale, or delivery." It may also offer better terms to one customer in a good faith effort to meet, but not beat, the offer of a competitor. In meeting competition, we should obtain from a source other than the competitor the best reasonably available evidence of the competing bid; for instance, a copy of the competitor's written proposal or contract, if obtainable. A number of companies already have "meeting competition" procedures which should be strictly followed.
It is unlawful for a buyer of goods "knowingly to induce or receive" a prohibited discriminatory price.
Since the Robinson-Patman Act applies only to sales of commodities, it does not affect the bona fide leasing of commodities or the sale or leasing of services. This statute is very complex. You should consult counsel whenever a problem arises.
4. Joint Ventures and Acquisitions of All or Part of the Stock or Assets of Other Companies: These activities may run afoul of the antitrust laws if their effect presently or in the future

"may be substantially to lessen competition, or to tend to create a monopoly." In the case of most acquisitions or divestitures, we are required to notify federal agencies in advance and to observe statutory waiting periods before completing the transaction. Persons considering entering into acquisitions, joint ventures or similar arrangements should discuss them thoroughly with Company counsel before beginning serious investigations or negotiations.

5. Unfair Trade Practices: The Federal Trade Commission Act prohibits unfair methods of competition and unfair or deceptive acts or practices. These include not only all conduct which would violate the antitrust laws but additional practices as well, such as misleading advertising and other activities which take unfair advantage of a consumer.

Industry Standards and Trade Associations

Participation in such associations is lawful and they perform a valuable function. However, their activities are frequent sources of antitrust litigation. You should approach them with great care. Trouble has arisen in two principal ways. First, members have used associations for anticompetitive purposes, such as setting unnecessarily strict industry standards which nonmember competitors cannot meet, establishing price schedules for members to follow, exchanging bid information, or excluding nonmembers from various types of business. All interested parties should be afforded the opportunity to participate in the development of industry standards. They should be no more restrictive than is necessary to accomplish legitimate objectives such as safety and product compatibility.

The second frequently encountered source of association-related problems is the tendency of members to use meetings as an occasion to exchange trade information or make illegal agreements.

You should review with Company counsel existing and proposed memberships in trade associations and the procedures which they follow in the conduct of their activities. Carefully thought-out procedures, strictly followed, can reduce the risk of antitrust violations. During business sessions you should stick to an agenda, and, after the work is done, avoid shop talk. If discussion during a business session strays into sensitive antitrust areas, try to guide it back to proper subjects. If this

fails, leave the meeting, ask to have your departure noted in the meeting minutes and report the discussion to Company counsel.

The fact that an association is created in response to a governmental directive or suggestion does not necessarily immunize the association's activities from the application of the antitrust laws.

Abuse of Intellectual Property Rights

The intent of government-granted intellectual property rights such as patents, copyrights and trademarks is to give their owners protection against unauthorized use. The mere refusal to grant a license to use, or enforcement of, a lawfully-acquired intellectual property right is unlikely to give rise to antitrust problems. However, antitrust courts sometimes interpret an owner's rights narrowly and may rule against an owner if there is any defect in the patent, copyright or trademark. In addition, courts have found that some business arrangements based on intellectual property rights violate the antitrust laws. Examples include: licenses requiring royalty payments that continue beyond the life of the intellectual property right involved or that are based on subject matter not in fact protected by an intellectual property right; the imposition of restrictions on the licensee's freedom to establish a competitive price for a licensed product; unilaterally-imposed package licensing requirements; grant-backs; and tie-ins, for example, those that condition access to copyrighted software on the purchase of non-proprietary hardware. You should not become involved in applications for, or assignments or licenses of, patents, copyrights or trademarks before consulting Company counsel.

The Antitrust Laws and Governmental Regulation

All of our businesses are subject to various forms of governmental regulation. This is especially true of telecommunications companies. Often, statutes or regulatory directives appear to conflict with the antitrust laws. In these cases it is necessary to determine whether the antitrust laws actually apply to conduct in a regulated environment. The first question is whether there is actually a conflict. If not, the regulatory directive and the antitrust law both apply fully. If there is a conflict, then it is necessary to determine which takes precedence. Short of a clear regulatory order to engage in particular conduct, the antitrust laws will

probably have priority. For instance, in the absence of specific legal advice to the contrary, you should not assume that responding to a regulatory suggestion or request will confer antitrust immunity for conduct that would otherwise violate the antitrust laws. Commission approval of a tariff does not necessarily make the practice covered immune from antitrust attack. The interplay of regulation and the antitrust laws is highly complex and the law affecting it is not well settled. Therefore, it is important to consult with Company counsel before engaging in practices that may involve both areas of the law.

International Business

The United States antitrust laws apply not only to domestic business but to the import and export trade of the United States as well. Agreements restricting imports into or exports from this country are frequent subjects of litigation. Competing companies may not divide world business in such a way as to affect substantially the foreign trade of the United States.

You may not safely assume that because all of the participants in a transaction are foreign corporations or all the negotiations or transactions take place abroad that the United States antitrust laws do not apply. If there is an intentional effect on the interstate or foreign commerce of the United States, for instance by a reduction in imports or exports, the United States antitrust laws may be held to apply. Therefore, you should discuss with Company counsel in advance any international transaction which might raise antitrust problems if it were carried out in this country. Furthermore, the European Common Market and a number of foreign nations have their own antitrust laws. Before doing business in another country, counsel familiar with its laws should be consulted to make sure there are no antitrust or other legal problems.

Penalties and Remedies

Many antitrust violations can lead to criminal convictions and fines and imprisonment. Under federal law, individuals can be imprisoned for up to three years and fined as much as one hundred thousand dollars, and corporations can be fined up to one million dollars. In addition, any person, such as a competitor, supplier, customer or consumer, who can prove injury caused by an antitrust violation, may sue and recover three times its damages and a reasonable attorney's

fee as well. Antitrust judgments and settlements have frequently amounted to tens, and on rare occasions, hundreds of millions of dollars. A court may also impose crippling restrictions on the business practices a company may employ, barring even those which would otherwise be lawful, in order to remedy the effects of an antitrust violation. Finally, there is the disruption of a business which can result from even a successful defense in an antitrust case — loss of the valuable time of officers and employees who are requested to testify or otherwise assist in the case — time which could be much more fruitfully devoted to the company's operations.

Records and Documents

It is frequently possible for a hostile reader, such as a plaintiff in an antitrust suit, to misinterpret a perfectly harmless remark or take it out of context so that it appears to suggest that we have engaged in illegal conduct. There is no assurance that any document you write will not fall into the hands of others outside the Company. Therefore, when it is necessary to write any kind of document, or even to make an oral statement, the preceding discussion should be kept in mind. You should assume that statements and documents will become public. Ask yourself the following questions: "Do I state clearly what I intend to say? Have I stuck to the point I want to make? Could someone, either innocently or maliciously, interpret what I am saying as meaning something I don't intend, for instance, that we are acting illegally? Is the statement one I am authorized to make on behalf of the company? Am I distributing the document more widely than necessary?" These questions should be asked not only in the light of the antitrust laws, but also all the other legal and ethical considerations that apply to the conduct of our business. Change any language that has to be explained to avoid misinterpretation. Explaining statements later creates unnecessary complications — or much worse — particularly if the writer is not available to do the explaining. There is also always the risk that the explanation offered will not be believed.

Conclusion

The antitrust laws do not put American business in a strait jacket. On the contrary, they are intended to encourage aggressive, but fair business conduct. Most of the prohibitions are of practices which an

ethical businessperson would not consider in the first place. Furthermore, without some restrictions, this country cannot hope to have a marketplace in which superior business skills and products will be rewarded — the goal of a free enterprise system and a goal that works in our favor.

The Company's lawyers welcome any questions you may have about this description of the antitrust laws or their application to particular conduct.

CERTIFICATE

I have read and understand the GTE Antitrust Guidelines.

Company	Signature
Date	Name (Printed or Typed)

A meeting was held on June 30, 1992 to review GTE's "unhooking" policy as applied in an ONA environment.

Representatives from each sales channel attended and committed to have the policy reviewed by their organization. Each participant is required to sign an attendance roster indicating the policy statement is understood.

The attached internal correspondence was a follow up reminder sent by an ONA implementation employee.

Date: 7-17-92 11:21am
From: R.Gallenstein:tel:gtego
To: K.Althans, K.A.Cox, B.Greenlee, Brad.Hicks
cc: R.Gallenstein
Subj: UNHOOKING

As a follow up to our meeting on "unhooking" the following is GTE Policy on this subject:

We may not urge a customer to violate a contract with a competitor. In the telephone industry this called "unhooking". The term "unhooking" in an enhanced service environment refers to a situation in which a regulated local exchange carrier (LEC) influences a competitor's customer who has contacted the LEC for regulated services which are required for operation of the competitor's enhanced service to switch to the enhanced service offered by the LEC. GTE Telops policy does not allow the use of this unethical marketing practice. Violations of this policy could lead to antitrust charges against GTE. If in doubt whether a particular circumstance is in violation of this unhooking policy, GTE Telops counsel should be consulted.

An example of unhooking would be where a GTE customer who has voice messaging service from an ESP competitor contacted GTE and we urged the customer to switch to the voice messaging provided by the GTE ESP. Another would be where a customer was ordering network services from GTE and indicated these were required for a competitor's voice mail system and we urged the customer to switch to the GTE product.

Please make sure this policy is reviewed with all sales personnel by August 31 1992. If you have any questions please contact me.

ATTACHMENT O



GTE Telephone Operations

P.O. Box 152092
Irving, TX 75015-2092

February 12, 1993

Reply To
HQE02L38
Irving, TX

29 Palms Answering Service
5729 Adobe Road
Twenty-Nine Palms, CA 92277

Dear Enhanced Service Provider:

In an effort to keep you advised about changes in the telecommunication industry GTE is sending the following information to all known enhanced service providers (ESPs) currently operating in GTE franchised territory. Although GTE is not mandated by the FCC to comply with Computer Inquiry III CEI/ONA Rules it does so in many instances on a voluntary basis. As an ESP you can be both a customer and competitor of GTE. However, GTE has policies in place which protect you from unfair competitive advantage. One such policy is GTE's position on customer proprietary network information (CPNI). This notice advises you of your right concerning CPNI and how your account will be handled by GTE.

What Is CPNI?

CPNI is the individual data that has been accumulated by the telephone company in the course of furnishing regulated common-carrier services to you. Information that GTE will treat as CPNI includes:

- Type and quantity of regulated services purchased (i.e., basic service, touch call, Custom Calling, etc.)
- Repair information
- Traffic studies
- Station message detail recording information
- Usage data
- Calling patterns

Forwarded-to number and related information will be automatically restricted as CPNI, just like non-published numbers.

Information that GTE will not treat as CPNI includes:

- Customer name, address and telephone number (white pages information)
- Unregulated customer services and equipment (customer profile information such as CPE or enhanced services)
- Credit information

What Does Restricting CPNI Mean?

When you request that your CPNI be restricted it means any person within GTE who sells GTE's enhanced services, like voice messaging, is restricted from viewing your records. This may necessitate that your call cannot be processed by the first GTE representative answering your call. If your CPNI is restricted, your call may need to be transferred to a service representative who is allowed to view your records.

Who May View Your Customer Records?

Anyone within GTE who does not sell an enhanced service, like voice messaging, may view your records if you have elected to restrict it. This means that GTE personnel like repair and installation may view your records in order to provide you with timely, high quality services.

What Must You Do If You Would Like Your CPNI Restricted?

If you wish to have your CPNI restricted, you must send a written, signed request listing your telephone number(s) that are to be restricted to the GTE Business Office. This request will be kept on file at the Business Office. If you wish to unrestrict your CPNI at a later date, you must send another written, signed request to the GTE Business Office.

If you have any additional questions concerning CPNI, please contact your GTE Business Office.

Sincerely,
GTE Telephone Operations